

# STATE OF WASHINGTON



## OFFICE OF INSURANCE COMMISSIONER

### BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF WASHINGTON

☐ The orders posted here are unverified electronic duplicates of the official orders actually entered. To be certain you have the official version of the order as entered, you should request a hard copy of the official version from the Commissioner's Public Disclosure Officer, Steve Carlsberg, 360-586-0691, or by e-mail: [stevec@oic.wa.gov](mailto:stevec@oic.wa.gov).

In the Matter of ATLANTIC  
MUTUAL INSURANCE COMPANY

) CONSENT AND ORDER  
TO LEVY FINE

CENTENNIAL INSURANCE COMPANY

) D 99-106A

Authorized Insurers.

)

#### FINDINGS OF FACT:

On June 9, 1995, the Office of the Insurance Commissioner ("OIC") received rate filings (Filing #95-156) from Atlantic Mutual Insurance Company ("Atlantic") and Centennial Insurance Company ("Centennial"), two units of Atlantic Mutual Companies. In those filings, the companies proposed adoption of the commercial property loss costs promulgated by the Washington Surveying and Rating Bureau ("WSRB"), which loss costs had been approved by the OIC with an effective date of October 1, 1994.

In Atlantic's filing, it checked the box on the Reference Filing Adoption Form that stated: "The insurer hereby files to have its loss cost adjustments . . . be applicable to future revisions of the rating organization's prospective loss costs for this line of insurance. . . ."

The Atlantic and Centennial filings were approved by the OIC with an effective date of February 1, 1996.

WSRB filed a revision of the subject loss costs with the OIC, which revision was approved by the OIC with an effective date of September 1, 1997. However, Atlantic and Centennial failed to adopt the revision and kept applying its loss

cost adjustments to the former loss costs.

The inconsistency of Atlantic and Centennial's rates with its filings was discovered in an audit by the Washington Insurance Examining Bureau.

WSRB's 1997 revision reduced property loss costs by an average of 8.1%, so that Atlantic and Centennial's premiums in the State of Washington were significantly increased over what its filed rates would have allowed.

#### CONCLUSIONS OF LAW

1. By issuing more than 900 policies using unfiled rates during the period from September 1, 1997 through February 20, 1999, Atlantic and Centennial committed more than 900 violations of RCW 48.19.040(6).

#### CONSENT TO ORDER

Atlantic Mutual Insurance Company and Centennial Insurance Company hereby admit to the foregoing Findings and Conclusions.

The Commissioner has offered a settlement in lieu of suspending or revoking Atlantic Mutual Insurance Company and Centennial Insurance Company's certificates of registration.

By agreement of the parties, the OIC will impose a fine of \$42,500 on Atlantic Mutual Insurance and \$42,500 on Centennial Insurance Company.

EXECUTED and AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

ATLANTIC MUTUAL INSURANCE COMPANY

Title: \_\_\_\_\_

Signed: \_\_\_\_\_

CENTENNIAL INSURANCE COMPANY

Title: \_\_\_\_\_

Signed: \_\_\_\_\_

## ORDER

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Forty Two Thousand Five Hundred Dollars upon Atlantic Mutual Insurance Company, and a fine of Forty Two Thousand Five Hundred Dollars upon Centennial Insurance Company. These fines must be paid in full within thirty days of the date of entry of this order. Failure to pay the fines within the allotted time shall constitute grounds for the revocation of Atlantic Mutual Insurance Company and/or Centennial Insurance Company's certification of registration in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington. Fulfillment of all the terms of this Consent Order will settle the issues raised by the Facts and Conclusions set forth herein, except any related to the necessity for Atlantic Mutual and Centennial to have a rate filing that complies with Washington law approved by the Office of the Insurance Commissioner. The need for such a rate filing and approval will not be affected by this Consent Order.

ENTERED AT OLYMPIA, WASHINGTON, this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

DEBORAH SENN

Insurance Commissioner

By: \_\_\_\_\_

Carol Sureau

Enforcement Attorney

Office of the Insurance Commissioner